

The groundfish fishery in Oregon and adjoining States in the Pacific Northwest continues to face daunting challenges as a result of the groundfish fishery disaster, resulting in a more than 40-percent drop in the income of Oregon fishers since 1995. To assist in rebuilding healthy groundfish stocks, my goal remains to reduce overcapitalization in the groundfish fishery. We want to get the right number of fishers out there, at the right time, catching the right number of fish. This legislation supports this effort by reforming the Capital Construction Fund in a way that will ease the transition for groundfish fishers away from fishing.

The Capital Construction Fund, CCF, was created by the Merchant Marine Act of 1936, as amended in 1969, 46 U.S.C. 1177. CCF has been a way for fishers to accumulate funds, free from taxes, for the purpose of buying or refitting fishing vessels. The program has been a success; however, the CCF's usefulness has not kept up with the times, and today the CCF is exacerbating the problems facing U.S. fisheries, including the West Coast groundfish fishery.

CCF works like an Individual Retirement Account, IRA, in that deposits to the fund earn interest and are deducted from the fishermen's taxable income. But unlike IRAs, there is no limit on contributions to the CCF; so fishers are able to accumulate funds quickly. In Oregon, the amounts in the accounts range from \$10,000 to over \$200,000.

The problem my legislation will address is that fishers lose up to 70 percent of their funds in taxes and penalties if they withdraw funds from the CCF for purposes other than buying new vessels or upgrading current vessels. Because of the environmental problems plaguing commercial fishing, as well as the overcapitalization of the fishing fleet, fishermen who want to opt out of fishing are penalized for doing so.

This bill takes a significant step towards helping fishermen and making the West Coast groundfish fishery and the commercial fishing industry sustainable by amending the CCF to allow non-fishing uses of investments. This bill amends the Merchant Marine Act of 1936 and the Internal Revenue Code to allow funds currently in the CCF to be rolled over into an IRA or other types of retirement accounts, or to be used for the payment of an industry fee authorized by the fishery capacity reduction program, without adverse tax consequences to the account holders.

I look forward to working with my colleagues to pass this legislation, and I ask that the text of the bill be printed in the RECORD.

The bill follows.

S. 1962

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as "The Capital Construction Fund Qualified Withdrawal Act of 2002".

#### SEC. 2. AMENDMENT OF THE MERCHANT MARINE ACT OF 1936 TO ENCOURAGE RETIREMENT OF CERTAIN FISHING VESSELS AND PERMITS.

(a) IN GENERAL.—Section 607(a) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1177(a)) is amended by adding at the end the following: "Any agreement entered into under this section may be modified for the purpose of encouraging the sustainability of the fisheries of the United States by making the termination and withdrawal of a capital construction fund a qualified withdrawal if done in exchange for the retirement of the related commercial fishing vessels and related commercial fishing permits."

(b) NEW QUALIFIED WITHDRAWALS.—

(1) AMENDMENTS TO MERCHANT MARINE ACT, 1936.—Section 607(f)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1177(f)(1)) is amended—

(A) by striking "for:" and inserting "for—";

(B) by striking "vessel" in subparagraph (A) and inserting "vessel;"

(C) by striking "vessel, or" in subparagraph (B) and inserting "vessel;"

(D) by striking "vessel." in subparagraph (C) and inserting "vessel;" and

(E) by inserting after subparagraph (C) the following:

"(D) the payment of an industry fee authorized by the fishing capacity reduction program under section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(b));

"(E) in the case of any such person or shareholder for whose benefit such fund was established or any shareholder of such person, a rollover contribution (within the meaning of section 408(d)(3) of the Internal Revenue Code of 1986) to such person's or shareholder's individual retirement plan (as defined in section 7701(a)(37) of such Code); or

"(F) the payment to a person or corporation terminating a capital construction fund for whose benefit the fund was established and retiring related commercial fishing vessels and permits."

(2) SECRETARY TO ENSURE RETIREMENT OF VESSELS AND PERMITS.—The Secretary of Commerce by regulation shall establish procedures to ensure that any person making a qualified withdrawal authorized by section 607(f)(1)(F) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1177(f)(1)(F)) retires the related commercial use of fishing vessels and commercial fishery permits.

(c) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 7518(e)(1) of the Internal Revenue Code of 1986 (relating to purposes of qualified withdrawals) is amended—

(A) by striking "for:" and inserting "for—";

(B) by striking "vessel, or" in subparagraph (B) and inserting "vessel;"

(C) by striking "vessel." in subparagraph (C) and inserting "vessel;"

(D) by inserting after subparagraph (C) the following:

"(D) the payment of an industry fee authorized by the fishing capacity reduction program under section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a);

"(E) in the case of any person or shareholder for whose benefit such fund was established or any shareholder of such person, a rollover contribution (within the meaning of section 408(d)(3)) to such person's or shareholder's individual retirement plan (as defined in section 7701(a)(37)); or

"(F) the payment to a person terminating a capital construction fund for whose benefit the fund was established and retiring related commercial fishing vessels and permits."

(2) SECRETARY TO ENSURE RETIREMENT OF VESSELS AND PERMITS.—The Secretary of the

Treasury by regulation shall establish procedures to ensure that any person making a qualified withdrawal authorized by section 7518(e)(1)(F) of the Internal Revenue Code of 1986 retires the related commercial use of fishing vessels and commercial fishery permits referred to therein.

#### SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply to withdrawals made after the date of enactment of this Act.

#### SUBMITTED RESOLUTIONS

#### SENATE RESOLUTION 211—DESIGNATING MARCH 2, 2002, AS "READ ACROSS AMERICA DAY"

Ms. COLLINS (for herself and Mr. REED) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 211

Whereas reading is a basic requirement for quality education and professional success, and a source of pleasure throughout life;

Whereas Americans must be able to read if the Nation is to remain competitive in the global economy;

Whereas Congress, through the No Child Left Behind Act of 2001 (Public Law 107-110) and the new Reading First, Early Reading First, and Improving Literacy Through School Libraries programs, has placed great emphasis on reading intervention and additional resources for reading assistance; and

Whereas more than 40 national associations concerned about reading and education have joined with the National Education Association to use March 2, the anniversary of the birth of Theodor Geisel, also known as Dr. Seuss, to celebrate reading: Now, therefore, be it

*Resolved*, That the Senate—

(1) designates March 2, 2002, as "Read Across America Day";

(2) honors Theodor Geisel, also known as Dr. Seuss, for his success in encouraging children to discover the joy of reading;

(3) encourages parents to read with their children for at least 30 minutes on Read Across America Day in honor of Dr. Seuss and in a celebration of reading; and

(4) requests that the President issue a proclamation calling on the people of the United States to observe the day with appropriate ceremonies and activities.

#### SENATE CONCURRENT RESOLUTION 98—COMMEMORATING THE 30TH ANNIVERSARY OF THE INAUGURATION OF SINO-AMERICAN RELATIONS AND THE SALE OF THE FIRST COMMERCIAL JET AIRCRAFT TO CHINA

Mrs. MURRAY (for herself and Ms. CANTWELL) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 98

Whereas February 21, 2002, marks the 30th anniversary of President Richard Nixon's historic visit to the Peoples Republic of China;

Whereas on February 21, 1972, the world watched as Air Force One, a Boeing 707 carrying President Nixon, landed in China to inaugurate a new era in Sino-American relations;

Whereas in the same year, the Civil Aviation Administration of China ordered 10 Boeing 707 jet aircraft, marking the resumption